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021436Z Mar 06

C O N F I D E N T I A L ROME 000638

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E.O. 12958: DECL: 02/28/2016

TAGS: [EAID](#) [EFIN](#) [EINV](#) [EU](#) [IT](#) [PGOV](#) [PHUM](#) [PREL](#) [EUN](#)

SUBJECT: SYRIA EIB LOAN: ITALY WILL ALLOW LOAN TO PASS

REF: STATE 29000

Classified By: A/ECMIN KATHLEEN REDDY, for reasons 1.4 (b) and (d).

1. (C) A/ECMIN and EconOff delivered reftel demarche February 28 to Ignazio Angeloni, Ministry of Finance Director General for International Financial Relations, and Sangante Filippo, Office Director for Bilateral Affairs with non-European Union countries. Angeloni was surprised to hear a European Investment Bank board meeting was scheduled for March 3. He said the next scheduled board meeting that he knew of was March 7, and that Syria was "not on the agenda." He said a "small, humanitarian, water project" for Syria had been discussed by the General Affairs Council, that decided to allow the project to move forward.

2. (C) Angeloni said he agreed broadly with the United States on the importance of taking a hard-line with Syria; however, if the loan to Syria was on the agenda March 7, he would not vote against it. He noted that EIB staff had decided to delay future proposals and discussion on Syria, and to "keep Syria on the back-burner," due to the controversial nature of the report. COMMENT: We believe he is referring to the report on the assassination of former Lebanese Prime Minister Hariri. END COMMENT. He also noted that the EIB is an investment institution, and does not make "political decisions," but investment decisions. Angeloni said that if the EIB decided not to give Syria the loan, he will inform A/ECMIN.

3. (C) A/ECMIN and PolOff delivered reftel demarche February 28 to MFA Office Director for the Eastern Mediterranean, Luciano Pezzotti. A/ECMIN stressed that now was not the time to be sending messages to the Syrians that it was "business as usual" by approving the EIB loan. Pezzotti agreed with the need to keep the pressure high on Syria to comply with UNSC resolutions 1636 and 1644, and noted that Lebanese Prime Minister Sinoura has asked Italy to do the same during his recent visit to Rome. Pezzotti added, however, that there is a tradeoff between a political decision to isolate the Syrian government and a technical project that helps the local population. This factor makes it difficult to veto the EIB loan, Pezzotti said, although it might be possible to delay the decision.

4. (C) Pezzotti also was unaware of an impending EIB Board of Governors vote on this matter. Furthermore, he thought the EU had not yet taken a decision either and would do so some time in March. Because of the political implications, the EIB would have to listen to the EU member states on this issue. He also said he would instruct Italy's representatives in Brussels to discuss the issue with him before making any decisions, though he did not go so far as to say Italy would oppose the loan.

BORG